

JUNE 21, 1999

The Consumer Advocate and BellSouth have reached a settlement agreement, dated May 28, 1999. The agreement settles, as between them, numerous matters under litigation, including the question of any refunds that might be due, if we could legally order refunds in this proceeding. The settlement agreement proposes certain prospective

rate reductions, which, if accepted by this Commission, could avoid the necessity for any further discussions of refunds in this proceeding.

This Commission acknowledges that the Consumer Advocate and BellSouth have filed the settlement agreement with this Commission, and have asked us to review and approve the terms of that agreement. We have reviewed the agreement, and approve it, with modifications described below, and, as modified, we adopt its terms as part of this Commission Order disposing of this proceeding for all parties. Because issues resolved within the settlement agreement transcend this Docket, the modifications approved by us will be discussed separately, and in detail.

We first modify the paragraph numbered “1” of the agreement to reduce Feature Group D switched access rates in the amount of \$10 million annually. Said access reductions ordered herein shall be applied first to reducing the Residual Interconnection Charge (RIC) to zero, and the remaining amount to reductions in the originating Carrier Common Line Charge. The access reductions shall be effective as of the date of this Commission’s Order. We think that this modification is just and reasonable, and is in the public interest.

With regard to the paragraph numbered “2,” we hold and agree that BellSouth shall reduce “1FR and other named residential services” and “1FB and other named business services” in the amount of \$1 per month remaining in effect for a minimum period of 60 months, effective January 1, 2000, and to reduce certain vertical and other optional services that were increased by BellSouth under its alternative price regulation plan, effective as of the date of this Order. The reductions of \$1 per month in residential

and business services will result in annual reductions of approximately \$12 million. The rollback of rates for vertical and other optional services will result in reductions of approximately \$10.9 million annually. We believe this modification to be appropriate and of benefit to all South Carolina consumers, both residential and business.

Further, we hereby delete the language in the paragraph numbered “9” in the agreement as follows: “BellSouth further agrees to notate on customers’ bills for three months beginning in the first month of the reduction that the local service rate decrease is the result of a settlement agreement with the Consumer Advocate and approved by the Public Service Commission.” We think this language is unnecessary as a part of this stipulated agreement.

The paragraph numbered “13” of the agreement establishes a credit mechanism in the event that BellSouth becomes obligated to reduce rates or refund money as a result of the Consumer Advocate’s pending request for a rate review stemming from the South Carolina Supreme Court’s reversal in the alternative regulation proceeding. We hold that the maximum amount of credit that BellSouth could claim is equal to the net present value of 60 months payments of \$1.00 per month for each 1FR and other named residential services, and each 1FB and other named business services in existence at the time of this decision, discounted to present value, using a discount rate of 8.75%. Therefore, this Commission, in approving this agreement, hereby limits the amount of the credit to the above-referenced methodology.

Again, we approve the settlement agreement, with the modifications and explanations stated above.

The Consumer Advocate and BellSouth have also filed a Motion to Reopen the Record in order for the Commission to review a Stipulation submitted by them, to receive it into evidence, and to approve it in this proceeding. After due consideration and review of the Stipulation, we hereby reopen the record in this Docket, and receive it into the evidence of this case. The Commission herewith concludes that the stipulation proposed by the Consumer Advocate and BellSouth, as adopted by this Commission, will moot any question as to whether the Commission has the authority to order refunds in this proceeding. The Commission further concludes that such a resolution is in the best interest of the citizens of the State of South Carolina, inasmuch as it removes the uncertainty and delay associated with further litigation in this matter.

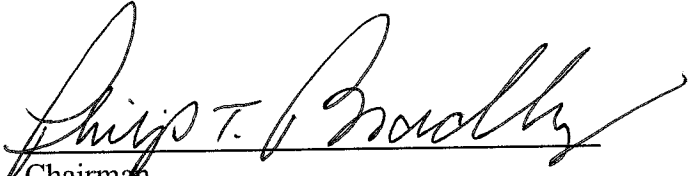
Based on the Commission's approval of the settlement agreement as modified, and for other reasons stated herein, we approve the Stipulation, while recognizing that we have modified the amount of access charge reductions agreed upon by the two parties in our approval of a modified agreement in this Order.

The Commission therefore concludes that, other than the prospective reductions previously described, no further relief shall be ordered in this proceeding at this time.

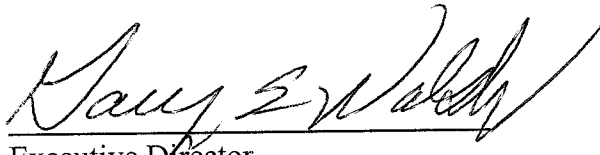
This Order shall remain in full force and effect until further Order of the
Commission.

IT IS SO ORDERED.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)